

**CITY OF PLEASANT HILL**

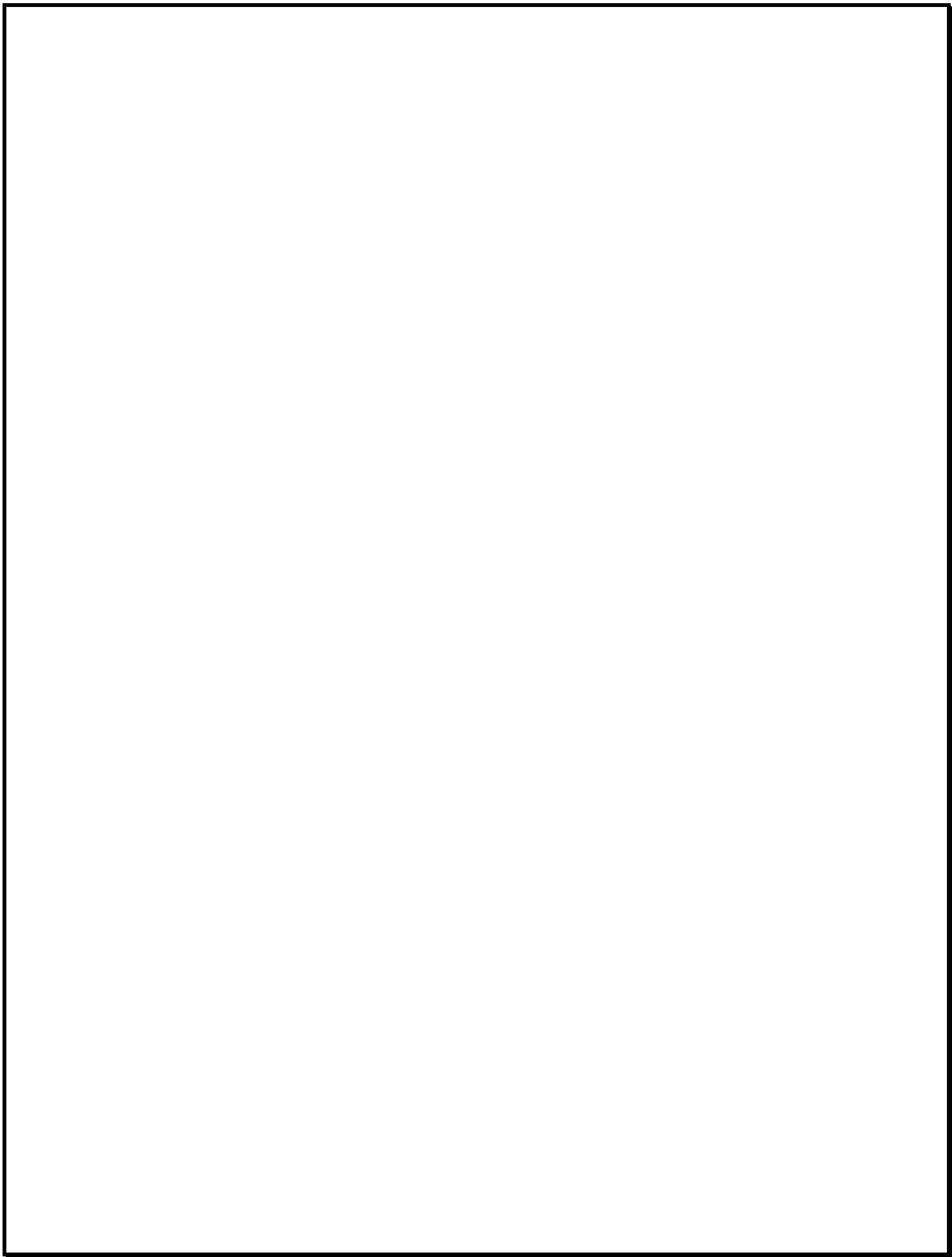
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2007**



**Prepared by**

**FINANCE DEPARTMENT**



## INTRODUCTORY SECTION

**CITY OF PLEASANT HILL**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2007**

**Page**

**INTRODUCTORY SECTION:**

Table of Contents .....	i
Letter of Transmittal .....	v
City Council .....	x
California Map .....	xi
Organization Chart .....	xii
GFOA Certificate of Achievement .....	xiii

**FINANCIAL SECTION:**

<i>Independent Auditors Report on Basic Financial Statements</i> .....	1
--	---

<i>Management's Discussion and Analysis</i> .....	3
---	---

***Basic Financial Statements***

Government-wide Financial Statements:

Statement of Net Assets .....	18
-------------------------------	----

Statement of Activities .....	19
-------------------------------	----

Fund Financial Statements:

Governmental Funds:

Balance Sheet .....	22
---------------------	----

Reconciliation of the Governmental Funds – Balance Sheet with the Statement of Net Assets .....	23
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances .....	24
---	----

Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Statement of Activities .....	25
--	----

**CITY OF PLEASANT HILL**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2007**

**Page**

**FINANCIAL SECTION (Continued):**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
General Fund.....	26
Measure C Growth Management .....	28
Proprietary Funds:	
Statement of Net Assets.....	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	31
Statement of Cash Flows .....	32
Fiduciary Fund:	
Statement of Fiduciary Net Assets .....	34
Notes to Financial Statements .....	35
<b>Supplemental Information:</b>	
<i>Major Governmental Funds Other than the General Fund and Special Revenue Funds:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Pleasant Hill Redevelopment Capital Projects.....	64
Pleasant Hill Redevelopment Commons TARB Debt Service .....	65
<i>Non-Major Governmental Funds:</i>	
Combining Balance Sheets.....	70
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances.....	76
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual.....	78
<i>Fiduciary Funds:</i>	
Statements of Changes in Assets and Liabilities – All Agency Funds .....	96

**CITY OF PLEASANT HILL**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2007**

**Page**

<b>STATISTICAL SECTION</b>
----------------------------

**Financial Trends:**

Net Assets by Component – Last Four Fiscal Years .....	101
Changes in Net Assets – Last Four Fiscal Years .....	102
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	104
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years .....	106

**Revenue Capacity:**

Assessed Value of Taxable Property – Last Ten Fiscal Years .....	108
All Direct and Overlapping Governments– Last Ten Fiscal Years .....	109
Principal Property Tax Payers – Current Year and Nine Years Ago .....	110
Property Tax Levies and Collections – Last Ten Fiscal Years .....	111

**Debt Capacity:**

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years .....	112
Computation of Direct and Overlapping Governmental Debt .....	113
Computation of Legal Bonded Debt Margin– Last Ten Fiscal Years .....	114
Bonded Debt Pledged-Revenue Coverage – Last Ten Fiscal Years .....	115

**Demographic and Economic Information:**

Demographic Statistics – Last Ten Fiscal Years .....	116
Principal Employers – Current Year .....	117

**Operating Information:**

Full-Time Equivalent City Government Employees by Function – Last Six Fiscal Years .....	118
Operating Indicators by Function/Program – Last Ten Fiscal Years .....	120
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years .....	122

## TRANSMITTAL LETTER

**CITY COUNCIL**



## CALIFORNIA MAP

## ORGANIZATION CHART

**GFOA CERTIFICATE OF ACHIEVEMENT**

**INDEPENDENT AUDITOR'S REPORT ON  
BASIC FINANCIAL STATEMENTS**

To the City Council  
City of Pleasant Hill, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill as of and for the year ended June 30, 2007, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Governmental Auditing Standards* issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued reports dated September 21, 2007 on our consideration of the City of Pleasant Hill's internal control structure and on its compliance with laws and regulations.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasant Hill at June 30, 2007, and the results of its operations and the cash flows of its proprietary fund types where applicable thereof, and budgetary comparisons for major general and special revenue funds for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is required by the Government Accounting Standards Board, but is not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Pleasant Hill. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical sections listed in the Table of Contents were not audited by us, and we do not express an opinion on this information.

September 21, 2007

## CITY OF PLEASANT HILL

### STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize all of the City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column. These columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Pleasant Hill Redevelopment Agency, and Pleasant Hill Joint Powers Authority, which are legally separate but are component units of the City because they are controlled by the City Council, which is financially accountable for the activities of these entities.

These financial statements, along with the fund financial statements and footnotes, are called *Basic Financial Statements*.

## ***FUND FINANCIAL STATEMENTS***

GASB 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between fund types, and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account Groups.

## ***MAJOR GOVERNMENTAL FUNDS***

The funds described below were determined to be Major Funds by the City in fiscal 2007. Individual non-major funds may be found in the Supplemental section.

### **GENERAL FUND**

The General Fund accounts for all the general revenues and financial resources of the City not specifically levied or collected for the other City funds, as well as the related expenditures.

### **MEASURE C GROWTH MANAGEMENT FUND**

Accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects.

### **PLEASANT HILL REDEVELOPMENT CAPITAL PROJECTS FUND**

Accounts for acquiring land and facilities for urban redevelopment within the Pleasant Hill Commons and the Pleasant Hill Schoolyard Project Areas.

### **PLEASANT HILL REDEVELOPMENT TAR B DEBT SERVICE FUND**

Accounts for funds to be used for payment of debt service on the Tax Allocation Refunding Bonds issued in October 2002. Debt service is financed by property tax increments.

## **MAJOR PROPRIETARY FUNDS**

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2007. Individual non-major funds may be found in the Supplemental section.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

### **DIABLO VISTA WATER ENTERPRISE FUND**

Accounts for the financing of self-supporting activities, which render water irrigation services to homeowners in a specific geographical area of the City, paid for from property taxes and user charges. On June 7, 2004, the City Council adopted a new usage fee of \$150 per household per year beginning in fiscal 2005, and an additional capital improvement fee of \$135 per household per year to be phased in over three years beginning in fiscal 2007 to be used for future replacements of the water distribution system.



<b>FIDUCIARY FUNDS</b>
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***FIDUCIARY FUNDS***

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pleasant Hill was incorporated as a general law city on November 14, 1961. The City operates under the Council-Manager form of government and provides the following services: police, highways and streets, public improvements, planning and zoning, general administration services, and redevelopment.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

**A. *Reporting Entity***

The financial statements of the City of Pleasant Hill include the financial activities of the City, as well as the Pleasant Hill Redevelopment Agency and the Pleasant Hill Joint Powers Financing Authority, both of which are controlled by and dependent on the City. Their financial activities have been aggregated and merged (termed “blended”) with those of the City in the accompanying financial statements.

The Pleasant Hill Redevelopment Agency is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The City Council and the Redevelopment Agency Board are composed of the same individuals. Certain administrative and accounting functions are performed by City staff. The financial activities of the Agency have been included in these financial statements in the Redevelopment Agency Capital Projects Funds, and the Redevelopment Pleasant Hill Commons Project Debt Service Fund.

The Pleasant Hill Joint Powers Financing Authority is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City, principally three City buildings. The Authority is controlled by the City and is governed by a board consisting of the City Manager, City Attorney and Finance Director, who also manage all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Refunding Lease Revenue Bonds Debt Service Fund.

Financial statements for the Redevelopment Agency may be obtained from the City of Pleasant Hill at 100 Gregory Lane, Pleasant Hill, California, 94523-3323.

**B. *Basis of Presentation***

The City’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Statements require that the financial statements described below be presented.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

**C. Major Funds**

GASB Statement 34 defines major funds and requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**General Fund** - Accounts for all the general revenues and financial resources of the City not specifically levied or collected for the other City funds, as well as the related expenditures.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measure C Growth Management Fund** - Accounts for resources provided by the one-half cent sales tax dedicated to transportation improvement projects.

**Pleasant Hill Redevelopment Capital Projects Fund** - Accounts for acquiring land and facilities for urban redevelopment within the Pleasant Hill Commons and the Pleasant Hill Schoolyard Project Areas.

**Pleasant Hill Redevelopment TARB Debt Service Fund** – Accounts for funds to be used for payment of debt service on the Tax Allocation Refunding Bonds issued in October 2002. Debt service is financed by property tax increments.

The City reported its one enterprise fund as a major fund in the accompanying financial statements:

**The Diablo Vista Water Fund** - Accounts for the financing of self-supporting activities, which render water irrigation services to the homeowners in a specific geographical area of the City, paid from property taxes and user charges.

The City also reports the following fund types:

**Fiduciary Funds.** Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**D. Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are sales taxes, vehicle in lieu taxes, gas taxes, transient occupancy taxes, franchise taxes, charges for services, and interest revenue. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

***E. Revenue Recognition For Diablo Vista Water Enterprise Fund***

Revenues are billed to customers by the County and are included on each customer's property tax statement. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

***F. Property Tax***

Contra Costa County distributes property taxes to jurisdictions according to the "alternate method of property tax distribution" known as the Teeter Plan. Under this plan, the County remits 100% of the levied taxes to the appropriate jurisdictions by June 30 each year, pursuing delinquencies and keeping related late penalties to cover their costs. The City and the Redevelopment Agency receive property taxes and property tax increments, respectively, on the following schedule: 55% in December, 40% in April and 5% in June. Assessed values for property are established as of January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on August 31 and becomes delinquent on September 1.

The term "unsecured" refers to taxes not secured by real property. These taxes are liens on the person or company named on the tax bill. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. *Compensated Absences***

Compensated absences comprise vacation and vested sick time, which are accrued as earned. The City's liability for compensated absences is recorded in Governmental Activities. The liability for compensated absences is determined annually. For all governmental funds, amounts expected to be permanently liquidated (matured due to termination) are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

The changes of the compensated absences were as follows:

	<u>Governmental Activities</u>
Beginning Balance	\$1,410,101
Additions	686,846
Payments	<u>(220,928)</u>
Ending Balance	<u>\$1,876,019</u>
Current Portion	<u>\$188,687</u>

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgets and Budgetary Accounting***

The City adopts a biennial budget on or before June 30 of even-numbered years for each of the ensuing two fiscal years for all funds except agency funds. The Parkland Dedication Fund was not budgeted for fiscal 2006-2007. The operating budget takes the form of a two-year budget, which is adopted in its entirety by the City Council by resolution.

The operating budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The City Manager may approve supplemental appropriations up to \$100,000 in the General Fund in increments no larger than \$25,000. Council may approve additional appropriations throughout the year as well.

The operating budget for the Redevelopment Agency is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The Executive Director (City Manager) may approve supplemental appropriations in all funds, providing the total increase does not exceed 5% of the original total budget of all funds. Additional appropriations above the 5% level must be approved by the Agency.

The City Manager is also authorized to transfer budgeted amounts between individual departments and funds. Budget transfers between accounts within a department may be approved by the department director.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

Budgeted amounts reported in the accompanying financial statements include budgeted amounts originally adopted, plus amendments. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**B. *Encumbrances***

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unencumbered operating appropriations lapse at year-end and may be reappropriated in the following year.

**NOTE 3 - CASH AND INVESTMENTS**

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Investments are carried at fair value.

**A. *Policies***

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the City's case, fair value equals fair market value, since all of the City's investments are readily marketable.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

***Statement of Net Assets***

Cash and investments available for operations	\$30,233,927
Cash and investments held with Trustees	2,494,942

***Fiduciary Funds***

Cash and investments available for operations	1,056,255
Cash and investments held with Trustees	<u>979,984</u>

Total Cash and investments	<u><u>\$34,765,108</u></u>
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Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$3,475
Deposits with financial institutions	537,404
Investments	<u>34,224,229</u>
Total cash and investments	<u><u>\$34,765,108</u></u>

Cash and investments are used in preparing the Proprietary Fund statement of cash flows since that fund participates in the City-wide cash and investment pool. That fund's equity in the pool is in substance a demand deposit which may be drawn down at any time.

**C. Investments Authorized by the California Government Code and the City's Investment Policy**

The City's Investment Policy and the California Government Code allow the City to invest in the following provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligation	5 years	N/A	100%	No Limit
U.S. Agency Securities	5 years	N/A	100%	No Limit
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A-1	25%	10%
Medium Term Notes	5 years	A-1	30%	No Limit
Repurchase Agreements	1 year	N/A	100%	No Limit
Time Deposits	5 years	N/A	100%	No Limit
Mutual Funds	N/A	Highest Category	20%	10%
Local Agency Investment Fund	N/A	N/A	\$40 million per account	No Limit



**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

***D. Investments Authorized by Debt Agreements***

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
U.S. Treasury Obligations	N/A	N/A
U.S. Agency Securities	N/A	N/A
U.S. Government Sponsored Enterprise	N/A	N/A
State Obligations:	N/A	N/A
General Obligation	N/A	A to AA
General Short-term Obligation	N/A	A
Special Revenue Bonds	N/A	AA
Municipal Obligations	N/A	Two Highest Categories
Pre-refunded Municipal Obligation	N/A	AAA
Unsecured Certificates of Deposit	30 days	A-1
FDIC insured deposits	N/A	N/A
Repurchase Agreements	None to 30 days	A
Commercial Paper	None to 270 days	A-1 to Highest
Bankers Acceptances	360 days	A-1
Certificates of Deposit	N/A	N/A
Collateralized Certificates of Deposit	365 days	A-1
Money Market Funds	N/A	Aam-G and AAam-G
Investment Agreement	N/A	N/A
Local Agency Investment Fund	N/A	N/A

***E. Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	More than 60 Months	Total
Federal Agency Securities:					
Non-Callable	\$2,736,252	\$563,359			\$3,299,611
Callable	189,288	362,828			552,116
Federal National Mortgage Association (A)			\$262,084		262,084
Guaranteed Investment Contracts				\$1,583,063	1,583,063
Local Agency Investment Fund (B)	26,424,980				26,424,980
Money Market Fund (C)	2,102,375				2,102,375
<b>Total Investments</b>	<b>31,452,895</b>	<b>926,187</b>	<b>262,084</b>	<b>1,583,063</b>	<b>34,224,229</b>
Cash in Banks	537,404				537,404
Petty Cash	3,475				3,475
<b>Total Cash</b>	<b>540,879</b>				<b>540,879</b>
<b>Total Cash and Investments</b>	<b>\$31,993,774</b>	<b>\$926,187</b>	<b>\$262,084</b>	<b>\$1,583,063</b>	<b>\$34,765,108</b>

(A) The FNMA issue is a mortgaged backed security and is subject to prepayment prior to maturity.

(B) The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2007, these investments matured in an average of 176 days.

(C) Money market funds are available for withdrawal on demand.

**F. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 20, 2007 for Money Market Funds are AAA as provided by Standard and Poor's investment rating system. Guaranteed Investment Contracts, the Local Agency Investment Fund and Federal National Mortgage Association were not rated as of June 30, 2007.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**G. Concentration of Credit Risk**

Included in the table at E above are the following significant investments in the securities of any individual issuers, other than money market funds and external investment pools:

	Issuer	Investment Type	Reported Amount
<b>Entity-wide:</b>			
	AIG Matched Funding Corp.	Guaranteed Investment Contract	\$1,583,063
<b>Major Funds:</b>			
<b>General Fund</b>			
	Federal Home Loan Bank	Federal agency securities	795,605
	Federal National Mortgage Association	Federal agency securities	857,953
	Federal Home Loan Mortgage Corporation	Federal agency securities	792,333
<b>Pleasant Hill Redevelopment TARB</b>			
	AIG Matched Funding Corporation	Guaranteed Investment Contract	651,563
<b>Non Major Funds:</b>			
<b>Refunding Lease Revenue Bonds</b>			
	AIG Matched Funding Corporation	Guaranteed Investment Contract	931,500

**NOTE 4 - INTERFUND TRANSACTIONS**

**A. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2007, the General Fund was owed \$24,750 by Supplemental Law Enforcement Services and \$315,985 by the TRANSPAC Agency Fund.

**B. Advance for Deferred Set Aside**

Under Section 33334.2 of the California Health and Safety Code, redevelopment agencies in California are generally required, unless certain annual findings are made, to set aside 20% of all tax increment received annually (the "Annual Set-Aside") in a Low and Moderate Income Housing Fund to be used within the jurisdiction of the Agency to increase and improve the supply of low and moderate income housing.

However, as provided in Section 33334.6, for project areas (or portions thereof) established prior to January 1, 1977, a redevelopment agency may defer its low and moderate income housing deposit requirements in any fiscal year that the agency finds that the deferral is necessary to make payments on "existing obligations" and, for fiscal years through 1995-96 only, to fund the orderly and timely completion of "public and private projects, programs or activities." Existing obligations include any loan, advance or indebtedness incurred by a redevelopment agency to finance or refinance, any redevelopment project existing on January 1, 1986 and contained on the statement of existing obligations of the Agency.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

For fiscal years 1985-86 through 1991-92, the Agency deferred the annual set-aside on the original Commons Project Area pursuant to Section 33670. At June 30, 1992, the total amount deferred was \$1,161,749.

Beginning in fiscal year 1992-93, the Agency has set aside the required 20% of its gross tax increment revenues into a separate low and moderate income housing fund for all project areas.

As required, the Agency has adopted a plan to eliminate the deferred amount. Beginning in fiscal 2002-2003 the Agency budgeted and has made annual repayments.

In fiscal year 2006-2007, the Agency repaid \$58,088 of the advance, leaving an outstanding balance of \$871,309.

**C. *Diablo Vista Water Advance***

An advance in the amount of \$120,000 has been made from the General Fund to Diablo Vista Water Enterprise Fund for water system improvements. The advance is to be repaid with interest over ten years starting July 15, 2006. Interest is based on the City's return on investments from the Local Agency Investment Fund. The outstanding balance is \$108,000 as of June 30, 2007.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**D. Transfers Between Funds**

With Council or City Manager approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund. Transfers between funds during the fiscal year ended June 30, 2007 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	Notes
General	<b>Commons RDA Project Area</b>	\$25,000	F
<b>Special Revenue Funds:</b>			
Commercial Landscaping and Lighting District 20	<b>General</b>	151,731	A
Landscaping and Lighting Assessment District 22	<b>General</b>	3,149	A
Measure C Growth Management	<b>NPDES</b>	116,606	B
Commercial Landscaping and Lighting District 20	<b>NPDES</b>	35,540	B
Commercial Landscaping and Lighting District 20	<b>Unified Lighting District</b>	21,000	B
Gas Tax Fund	<b>General</b>	400,000	B
Gas Tax Fund	<b>Measure C Growth Management</b>	300,000	B
Gas Tax Fund	<b>Capital Outlay</b>	25,000	B
Gas Tax Fund	<b>Traffic Congestion</b>	150,000	B
Vehicle Abatement	<b>General</b>	26,890	D
DARE	<b>Police Service Fund</b>	3,461	E
<b>Debt Service Fund:</b>			
Refunding Lease Revenue Bonds	<b>General</b>	912,708	C
PHDCFD #1 Special Tax Bonds	<b>TARB Debt Service Fund</b>	663,383	H
<b>Capital Projects Funds:</b>			
Police Technology Fund	<b>General</b>	500,000	A
Police Technology Fund	<b>Supplemental Law Enforcement Services</b>	18,147	A
Computer Technology Replacement	<b>General</b>	250,000	A
Vehicle and Equipment Replacement	<b>General</b>	173,000	A
Capital Projects	<b>General</b>	264,627	A
RDA Capital Projects	<b>TARB Debt Service Fund</b>	<u>2,095,710</u>	G
Total Interfund Transfers		<u>\$6,135,952</u>	

The reasons for these transfers are set forth below:

- A Recurring transfers
- B To fund portion of public works project
- C To fund debt service
- D To fund Vehicle Abatement costs beyond amount received from County
- E To fund a portion of Police Department's DARE program
- F Residual equity transfer
- G To transfer excess funds from the debt service fund to the capital projects fund
- H To fund Net Tax Increment transfers to trustee for 2002 PHDCFD bonds for debt service, administrative expenses.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**E.     *Internal Balances***

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**NOTE 5 - REDEVELOPMENT ACTIVITIES**

**A.     *Land Held for Redevelopment***

The Redevelopment Agency purchases parcels of land in order to develop or redevelop blighted properties within the redevelopment areas. Such land parcels are carried at the lower of cost, net realizable value or agreed-upon sales price if a disposition and development agreement has been made with a developer.

**B.     *Pleasant Hill Downtown Project***

The Disposition and Development Agreement (DDA) between the Agency and the Pleasant Hill Downtown Project Developer ("RVIP") provides for Agency reimbursement of certain Developer costs, to be paid from net property tax increment revenues generated by the project. Following completion of the first phase of the Downtown Project in 2001, the Agency commenced its annual reimbursement payments in 2002. For fiscal 2006-2007, the Agency paid \$164,274 toward this obligation.

Annual tax sharing developer reimbursements are limited to amounts actually received by the Agency, after deducting low and moderate income housing set asides, amounts owed under pass-through agreements, and debt service.

Reimbursement for each phase terminates thirty years from the date of the Certificate of Completion for that phase or when total reimbursements for all three phases equals \$36,630,000, whichever is sooner.

**C.     *Lodgeworks-Summerfield Suites Project***

In connection with the Pleasant Hill Downtown Project, the Agency and a Hotel Developer ("LodgeWorks") entered into a DDA under which the Developer purchased Agency-owned land for \$2,200,000 and constructed a 142-suite hotel and parking lot. Per the terms of the DDA, the City will rebate to the Developer the first \$650,000 of transient occupancy tax (TOT) revenues generated by the hotel and fifty percent of subsequently received TOT revenues, for an additional \$500,000. The Hotel Project was completed in 2002. To date, the City has rebated \$1,007,089 in TOT revenues to the Developer, \$183,403 of it in fiscal 2006-2007.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 5 - REDEVELOPMENT ACTIVITIES (Continued)**

***D. Gallery Walk Townhomes***

The Agency has an Agreement with Greystone Homes under which the Developer constructed 134 townhomes on a site known as the Cleveland Road Triangle, comprised of two Agency-owned parcels, certain parcels owned by the Developer, and parcels acquired from third parties. Twelve of the townhomes were required to be sold at affordable housing costs to moderate-income households. As of 06/30/03 the project was complete and all twelve units had been sold to moderate-income households through a lottery conducted by the Agency. The Agency is rebating net property tax increment revenues to the Developer as required by the Agreement. In FY 2006-2007 the Agency paid \$346,199 toward this obligation.

***E. Crossroads Project***

The Agency and City have an Owner Participation Agreement with a Developer under which the Developer is to redevelop the former Montgomery Ward parcel of the Contra Costa Shopping Center Target Area. The Developer will substantially remodel and reduce the size of an existing building for use by a major retail store and develop new shops/restaurants along Monument Blvd. The Developer has also agreed to pay sixty percent of the costs of installing a new water main on Buskirk Avenue. Financing of the estimated \$27 million in project costs will be provided or arranged for by the Developer.

The Agency is obligated to pay for certain roadway improvements and forty percent of the cost of a new water main on Buskirk Avenue. These improvements have been completed as of June 30, 2007 at an approximate cost of \$2.3 million. The Agency has also agreed to a tax sharing arrangement under which it will reimburse \$200,000 annually to the Developer. The reimbursement is payable solely from property tax increment revenues generated by the project and expires in 25 years. If the annual property tax revenues generated are less than the annual reimbursement, the Agency has agreed to defer the deficit amount until future years and add interest at prime plus 1%. Accumulated deficit amounts and interest are repayable from future property tax increment revenues generated by the project.

Annual tax sharing developer reimbursements are limited to amounts actually received by Agency, after deducting low and moderate income housing set-asides, payments to taxing agencies pursuant to Health and Safety Code Sections 33607.5 and 33676, the allocable portion of Net Property Tax Increment Revenue, which the State Legislature may mandate that the Agency pay from time to time in the future including any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund, and any incurred, outstanding or future refinancing of bonded indebtedness. During fiscal 2006-2007, the Agency reimbursed \$200,000 to the Developer pursuant to the agreement.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 6 - NOTES RECEIVABLE**

**A. *Owner-Occupied Housing Rehabilitation Loans***

The Agency administers a housing rehabilitation loan program under which very low and low income homeowners are eligible to receive loans up to \$60,000 to be used to construct improvements on their homes. These loans bear five percent simple interest, have a fifteen year term and are secured by deeds of trust. Payments on the loans may be made monthly or may be deferred and paid at the end of the term or transfer of ownership. Activity for these loans is presented below for the year ended June 30, 2007:

	Balances of Loans with		
	Payments	Payments	
	Deferred	Made	
		Monthly	Total
Beginning Balance	\$1,320,974	\$91,969	\$1,412,943
New Loans Made	87,253		87,253
Loan Collections	(188,886)	(21,864)	(210,750)
Accrued Deferred Interest	(1,132)		(1,132)
Ending Balance	<u>\$1,218,209</u>	<u>\$70,105</u>	<u>\$1,288,314</u>

**B. *Grayson Creek Apartments***

In fulfillment of its obligation to replace low and moderate-income housing destroyed as part of the Pleasant Hill Downtown Project, the Agency entered into an Agreement with Bridge Housing Corporation, a non-profit housing developer, to provide \$150,000 annually for the construction and operation of a 71 unit low and moderate-income apartment project. In FY 1999-2000, the Agency and Bridge Housing Corporation amended their Agreement to allow for an additional \$50,000 to be provided for demolition costs. In FY 2001-2002 another amendment assigned the loan Agreement to Bridge Grayson Creek Associates and increased the remaining annual installments from \$150,000 to \$235,000, in the form of grants. The amendment decreased the loan amount from \$4,500,000 to \$1,005,000, and decreased the number of the units from 71 to 70. The payments commenced in July 1998 and will continue for 34 years or the life of the Pleasant Hill Commons Project Area, rather than 30 years as was in the previous agreement, whichever is less. Payments are made from the Agency's low and moderate-income Housing Fund. As of 10/14/03, construction of the apartment project was completed and the apartments have since been occupied. At June 30, 2007, the outstanding balance of the receivable, including accrued interest, was \$1,150,714.

In addition, the Agency has agreed to provide annual operating grants of \$235,000 to subsidize the operations of the complex from fiscal year 2003-2004 through fiscal year 2031-2032.



**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 7 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

With the implementation of GASB Statement 34, the City has recorded all its public domain (infrastructure) capital assets, which include streets and roads, curbs and gutters, traffic control devices, drainage systems and street lighting systems.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the “modified approach” may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Furniture and Equipment	3-15 years
Buildings and Improvements	30-50 years
Streets and Roads	50 years
Curbs and Gutters	50 years
Traffic Control Devices	30 years
Storm Drains	30 years
Street Lights	30 years
Diablo Vista Water Pipes and Fitting	50 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets at June 30 comprise:

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
<b><i>Governmental activities</i></b>				
Capital assets not being depreciated:				
Land and improvements	\$3,406,821			\$3,406,821
Construction in progress	499,889	\$459,724	\$120,542	839,071
Total capital assets not being depreciated	3,906,710	459,724	120,542	4,245,892
Capital assets being depreciated:				
Buildings and improvements	13,673,483	5,754		13,679,237
Equipment and furniture	5,464,925	602,300	179,840	5,887,385
Streets and roads	50,280,766	1,041,732		51,322,498
Curbs and gutters	15,209,684			15,209,684
Storm drains	5,892,776	301,797		6,194,573
Street lights	857,466			857,466
Traffic control devices	2,422,432			2,422,432
Total capital assets being depreciated	93,801,532	1,951,583	179,840	95,573,275
Less accumulated depreciation for:				
Buildings and improvements	4,085,769	278,070		4,363,839
Equipment and furniture	3,420,995	626,534	179,840	3,867,689
Streets and roads	15,856,641	1,026,450		16,883,091
Curbs and gutters	5,227,395	304,194		5,531,589
Storm drains	3,272,498	206,279		3,478,777
Street lights	383,332	28,554		411,886
Traffic control devices	874,106	80,667		954,773
Total accumulated depreciation	33,120,736	2,550,748	179,840	35,491,644
Net capital assets being depreciated	60,680,796	(599,165)		60,081,631
Governmental activity capital assets, net	\$64,587,506	(\$139,441)	\$120,542	\$64,327,523
<b><i>Business-type activities</i></b>				
Capital assets, being depreciated:				
Water system infrastructure	\$405,871			\$405,871
Less accumulated depreciation for:				
Water system infrastructure	145,103	\$3,498		148,601
Business-type activity capital assets, net	\$260,768	(\$3,498)		\$257,270

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**B. Capital Asset Contributions**

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

**C. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

<b>Governmental Activities</b>	
General government	\$289,459
Public safety	461,651
Transportation	1,783,334
Community development	<u>16,304</u>
<b>Total Governmental Activities</b>	<b><u><u>\$2,550,748</u></u></b>
<b>Business-Type Activities</b>	
Diablo Vista Water	<u>\$3,498</u>
<b>Total Business-Type Activities</b>	<b><u><u>\$3,498</u></u></b>

**NOTE 8 - LONG TERM DEBT**

**A. Composition and Changes**

The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt. The City's bonded debt issues and transactions are summarized below and discussed in detail thereafter.

	<u>Balance</u> <u>June 30, 2006</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Current</u> <u>Portion</u>
<b>City Obligation:</b>				
<b>Lease Revenue Refunding Bonds,</b>				
<b>Series 2004, 2.5-3.125%, due 12/1/16</b>	\$7,485,000	\$800,000	\$6,685,000	\$590,000
<b>Redevelopment Agency Bonds:</b>				
<b>2002 Tax Allocation Refunding Bonds,</b>				
2.0-4.3%, due 9/1/22	<u>7,715,000</u>	<u>390,000</u>	<u>7,325,000</u>	<u>395,000</u>
Total	<u><u>\$15,200,000</u></u>	<u><u>\$1,190,000</u></u>	<u><u>\$14,010,000</u></u>	<u><u>\$985,000</u></u>

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 8 - LONG TERM DEBT (Continued)**

**B. Summary of Debt Terms**

On April 15, 2004 the City issued (through the Pleasant Hill Joint Powers Financing Authority) **Lease Revenue Refunding Bonds, Series 2004** in the amount of \$9,315,000 to refund the 1993 Series A Bonds. Revenues primarily consisting of rental payments from the City and Debt Service Reserves held by the Trustee are pledged for the repayment of the Series 2004 Bonds. Interest is payable semiannually December 1 and June 1, and principal is payable each December 1. Bonds maturing on December 1, 2016 are subject to mandatory redemption on December 1, 2014 through 2016 at a redemption price equal to the principal amount to be redeemed together with the interest that has been accrued thereon.

The **2002 Tax Allocation Refunding Bonds** in the amount of \$8,860,000 were issued to pay off the 1991 Tax Allocation Refunding Bonds. Agency tax increment revenue and Debt Service Reserve held by the Trustee are pledged for the repayment of these Bonds. Interest is payable semi-annually each September 1 and March 1, and principal is payable each September 1. Bonds maturing on September 1, 2022 are subject to mandatory serial redemption on July 1, 2004 through 2021 at par plus earned interest.

**C. Debt Service Requirements**

Annual debt service requirements are shown below for all long-term debt:

Year Ending June 30	Principal	Interest	Totals
2008	\$985,000	\$440,216	\$1,425,216
2009	1,005,000	419,810	1,424,810
2010	1,020,000	396,504	1,416,504
2011	1,050,000	370,097	1,420,097
2012	1,075,000	341,515	1,416,515
2013-2017	6,010,000	1,157,629	7,167,629
2018-2022	2,865,000	310,932	3,175,932
Total	<u>\$14,010,000</u>	<u>\$3,436,703</u>	<u>\$17,446,703</u>

**D. Mortgage Revenue Bonds Without City Commitment**

In prior years, the City and Agency assisted low and moderate income homebuyers by sponsoring mortgage revenue bonds issued by developers. These bond issues provide cash to finance mortgages, but are solely repayable out of mortgage payments. The City and Agency have no direct or contingent liability or moral obligation for the payment of these bonds and have not recorded them as City or Agency debt. As of June 30, 2007, there were two mortgage revenue bond issues outstanding, in the aggregate principal amount of \$14,255,000.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 9 - SPECIAL ASSESSMENT DEBT**

Special Assessment Districts are formed to construct improvements to infrastructure located within the Districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements. The total amount of the assessment is recorded as receivable and deferred revenue at the time the related debt is issued, and reduced as assessments are collected. At June 30, 2007, the Districts are in compliance with the repayment and other requirements of their debt issues.

**A. *Special Assessment Debt without Agency Commitment***

As discussed in Note 5B, the Agency has an agreement with a developer which provided for the construction of the Pleasant Hill Downtown Project. In 1998, the developer, as sole property owner of the project site, voted to form the Pleasant Hill Downtown Community Facilities District No. 1 for the expressed purpose of issuing long-term tax exempt debt to provide the financing of infrastructure improvements within the District. Concurrently, the Developer also approved the establishment of a Special Tax to be levied on the project site each year in amounts, which will be sufficient to repay the principal and interest on the District's long-term debt.

To assist the developer in financing the infrastructure costs of the project, the City assisted in the formation of the District and in the issuance of Special Tax Bonds, Series 1998A (\$7,230,000 at June 30, 2007). The City and Agency have no legal or moral liability with respect to the payment of the above debt, which is secured and serviced only by assessments on the properties and unexpended debt proceeds in the District. Neither the City or Agency has pledged their revenues or assets for the repayment of the District debt and as required under generally accepted accounting principals, the above debt has been excluded from the City and Agency's financial statements.

**B. *Special Assessment Debt with City Commitment***

On November 20, 2002, the City assisted the District in issuing \$7,290,000 of Refunding Special Tax Bonds, Subordinated Series 2002, which refinanced and retired prior debt. The Bonds bear interest at 2.4% to 6.0%, which is due semiannually commencing March 1, 2003. Principal is due annually commencing September 1, 2003.

These 2002 Bonds are also repayable from Special Tax levies similar in nature to those discussed above. Concurrently with the 2002 Bonds issuance, the Agency, City and Fiscal Agent for the 2002 Bonds entered into a pledge agreement under which the Agency will remit certain tax increment payments due to the developer, as discussed in Note 5D, directly to the Fiscal Agent for use in paying debt service on the 2002 Bonds on behalf of the developer. These payments to the trustee count toward the \$36,630,000 maximum developer reimbursement. Agency staff has stated that current tax increment revenues subject to the pledge agreement are sufficient to pay debt service on the 2002 Bonds. Accordingly, such debt is considered Special Assessment Debt with Agency Commitment and has been included in the Agency's financial statements.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 9 - SPECIAL ASSESSMENT DEBT (Continued)**

Special assessment debt with City commitment comprised:

	Balance June 30, 2006	Retirements	Balance June 30, 2007	Current Portion
<b>Pleasant Hill Downtown Community District No.1 Refunding Special Tax Bonds Subordinated Series 2002, 2.4-5.2%, due 9/1/32</b>	\$6,880,000	\$120,000	\$6,760,000	\$125,000
Total	<u>\$6,880,000</u>	<u>\$120,000</u>	<u>\$6,760,000</u>	<u>\$125,000</u>

Special assessment debt service requirements, including principal and interest, are as follows:

Year Ending June 30	Total Principal	Total Interest	Total
2008	\$125,000	\$384,978	\$509,978
2009	130,000	379,493	509,493
2010	135,000	373,528	508,528
2011	145,000	366,979	511,979
2012	150,000	359,785	509,785
2013-2017	875,000	1,667,854	2,542,854
2018-2022	1,150,000	1,380,351	2,530,351
2023-2027	1,530,000	992,914	2,522,914
2028-2032	2,035,000	464,850	2,499,850
2033	<u>485,000</u>	<u>14,550</u>	<u>499,550</u>
Total	<u>\$6,760,000</u>	<u>\$6,385,282</u>	<u>\$13,145,282</u>

**NOTE 10 - FUND BALANCES AND NET ASSETS**

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

**A. Net Assets**

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 10 - FUND BALANCES AND NET ASSETS (Continued)**

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, Federal and State grant funds, and redevelopment funds restricted to low and moderate income purposes.

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

**B. Reserves**

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds, or represent fund balance of assets not available for expenditures. The City cannot modify or remove these reserves, which are described below:

Reserve for **encumbrances** represents the portion of fund balance set aside for outstanding purchase orders.

Reserves for **long term notes receivables, loans receivables, advances to other funds and land held for redevelopment** are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserve for **low/moderate income housing** is the portion of redevelopment fund balance legally required to be set-aside for low/moderate income housing expenditures.

Reserve for **debt service** is the portion of fund balance legally restricted for the payment of principal and interest on long term debt.

**C. Designations**

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource use in a future period. Such plans or intentions are subject to change and may not result in expenditure.

**D. Excess of Expenditures over Appropriations**

The following funds had expenditures in excess of budget due to unanticipated expenditures:

<b><i>Special Revenue Funds:</i></b>	<b>Amount</b>
Traffic Safety	\$8,664
Gas Tax 2107.5	151
Unified Street Lighting	7,307
Supplemental Law Enforcement Services	154,837
Senior Van Services	301
CLEEP Grant Fund	332
DARE	2,011
<b><i>Debt Service Funds:</i></b>	
2002 PHDCFD #1 Special Tax Bonds	11,671
TARB	1,985

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 11 - EMPLOYEE BENEFITS**

A substantial number of City employees are organized into bargaining units, which negotiate with the City to provide pay and a variety of benefits for their members. These bargaining units have agreements, which are periodically renegotiated and include the following:

	Number of Members	Contract Termination Date
Local #1	18	08/31/2011
Professional and Confidential	27	10/31/2011
Police Association	55	07/31/2009
Management	20	02/28/2010

**A. *Post-Retirement Benefits***

All retirees with a minimum of five years of service with the City and who either reach age 50, or are on disability retirement, are entitled to have one year of dental insurance premiums paid by the City upon retirement. The City pays for the level of coverage the employee had at retirement.

Retirees with 20 or more years of service with the City receive an additional sick leave conversion benefit. Specific terms of the conversion differ for each employee group. In general, when employees with more than 20 years of service retire, they may convert unused sick leave hours at their current hourly rate, to a sick leave bank from which the City will pay their medical insurance premiums until depleted, or certain other conditions are satisfied. Management Pay Plan employees who choose a service retirement with 15 or more years of City service receive this benefit.

Police Association employees who choose a service retirement after 15 to 19 years of City employment are entitled to a scaled down sick leave conversion plan under which they may convert 50% of their unused sick leave, at 25% of their current hourly rate, to a similar "fund."

As of June 30, 2007, the City provided dental benefits or medical benefits for 7 retirees. 25 additional employees are eligible for the dental insurance benefits and 16 are eligible for sick leave conversion benefits upon retirement.

Benefits are expended on a pay-as-you-go basis and amounted to \$299,888 during fiscal 2006-07.

**B. *Deferred Compensation Plan***

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.



**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 11 - EMPLOYEE BENEFITS (Continued)**

The City has a contract with International City Managers' Association (ICMA) to manage and invest the assets of the Plan; ICMA pools the assets of the Plan with those of other participants and does not make separate investments for employees.

The City's contract with ICMA was amended January 1, 1997 to substitute a separate trust for the City as owner of the assets in the Plan, with the City becoming a trustee, but with no power over investment decisions. As a result, the assets in the Plan are not subject to claims by creditors of the City and are not reflected in the City's financial statements.

**C. *CALPERS Safety and Miscellaneous Employees Plans***

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution.

Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2007 are summarized below:

	Safety	Miscellaneous
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3.0%	1.426% - 2.418%
Required employee contribution rates	9%	7%
Required employer contribution rates	27.116%	11.979%

The City's labor contracts require it to pay the employees' contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. The City does not have a net pension obligation since it pays these actuarially required liability.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 11 - EMPLOYEE BENEFITS (Continued)**

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service, and annual retirement benefit increases are assumed to be 3.25%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. Investment gains and losses are amortized over a rolling 30 year period.

The Miscellaneous Plan's actuarial value (which differs from market value) and funding progress over the past three (the latest available) years is set forth below at their actuarial valuation date of June 30:

*Miscellaneous Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2003	\$26,517,412	\$24,960,858	\$1,556,554	94.1%	\$6,735,516	23.1%
2004	29,268,399	26,505,297	2,763,102	90.6%	6,589,564	41.9%
2005	32,555,692	28,928,377	3,627,315	88.9%	6,973,127	52.0%

As required by new State law, effective July 1, 2005, the City's Safety Plans was terminated, and the employees in the plan were required by CALPERS to join new State-wide pools. One of the conditions of entry was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The Safety Plan was under-funded at June 30, 2005; the amount of this under-funding is accounted for separately and is to be used by CALPERS to increase City contributions to the Plan over the next 17 years.

CALPER' latest available actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30, 2005.

*Safety Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2003	\$4,270,573,982	\$3,577,742,166	\$692,831,816	83.8%	\$476,089,674	145.5%
2004	\$5,383,921,942	4,424,586,846	959,335,096	82.2%	575,296,434	166.8%
2005	6,367,049,264	5,295,150,375	1,071,898,889	83.2%	664,147,796	161.4%

Audited annual financial statements and ten year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 11 - EMPLOYEE BENEFITS (Continued)**

Annual pension costs, representing the payment of all contributions required by CALPERS, for the three fiscal years ended June 30, 2007, 2006, and 2005 amount to \$2,925,618, \$2,524,341, and \$2,094,263 respectively.

**D. Social Security**

The Omnibus Budget Reconciliation Act of 1990 (COBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan.

The City's part-time seasonal and temporary employees, as well as employees not eligible for CALPERS coverage, are covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employees pay. Total contributions to Social Security during the year ended June 30, 2007 amounted to \$20,059 of which the City paid half.

**NOTE 12 - RISK MANAGEMENT**

**A. Municipal Pooling Authority**

The City is a member of the Municipal Pooling Authority (Formerly known as Contra Costa County Municipal Risk Management Insurance Authority or CCCMRMIA), a joint powers agency that provides coverage against the following types of loss risks:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$25,000)	\$20,000,000
Auto - Physical damage (\$3,000 for police vehicles, \$2,000 for all others)	\$250,000
Workers' Compensation (no deductible)	\$200,000,000
All Risk Fire & Property Including Flood (\$5,000)	\$350,000,000
Boiler & Machinery (\$5,000)	\$10,000,000

The Municipal Pooling Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Municipal Pooling Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the Municipal Pooling Authority are in accordance with formulas established by the Municipal Pooling Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The Authority's all risk fire, property, and earthquake and flood coverage was reduced from \$1 billion for the fiscal year ended June 30, 2006 to \$350 million for the year ended June 30, 2007.

Financial statements may be obtained from Municipal Pooling Authority, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

**CITY OF PLEASANT HILL**  
**Notes to Financial Statements**

**NOTE 12 - RISK MANAGEMENT (Continued)**

**B.     *Liability for Uninsured Claims***

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured claims, based on claims history, was computed as follows and is recorded in the General Fund:

	2007	2006
Beginning balance	\$36,472	\$98,046
Liability for current fiscal year claims	13,554	26,102
Liability for prior fiscal year claims and incurred but not reported (IBNR)	(72,156)	(128,961)
Claims paid	71,747	41,285
Ending balance	<u>\$49,617</u>	<u>\$36,472</u>

**NOTE 13 - CONTINGENT LIABILITIES**

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended in 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors, and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

<b>MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b>
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GASB 34 does not require budget versus actual presentations for Capital Projects Funds and Debt Service Funds. These are included here for additional analysis.

**PLEASANT HILL REDEVELOPMENT CAPITAL PROJECTS FUND**

Accounts for acquiring land and facilities for urban redevelopment within the Pleasant Hill Commons and the Pleasant Hill Schoolyard Project Areas.

**PLEASANT HILL REDEVELOPMENT COMMONS TARB DEBT SERVICE FUND**

Accounts for funds to be used for payment of debt service on the Tax Allocation Refunding Bonds issued in October 2002. Debt service is financed by property tax increments.

## NON-MAJOR GOVERNMENTAL FUNDS

**TRAFFIC MITIGATION FUND** accounts for fees assessed on new development to provide for street or other traffic improvements.

**TRAFFIC SAFETY FUND** accounts for fines collected from misdemeanor traffic violations involving a moving vehicle. These funds are used to provide crossing guards at major streets near elementary schools.

**GAS TAX FUND** accounts for gas tax apportioned by the state to the cities based upon three factors: vehicle registration, assessed valuation and population. These funds are used for street construction and maintenance.

**GAS TAX 2107.5 FUND** accounts for gas tax apportioned by the State to cities based on population. This fund is used for engineering and administrative costs only.

**UNIFIED STREET LIGHTING FUND** accounts for an allocation of property taxes used to provide street lighting.

**PARKLAND DEDICATION** accounts for Parkland dedication fees paid by developers, which are distributed quarterly to the Pleasant Hill Recreation and Park District for parkland purposes.

**COMMERCIAL LANDSCAPING AND LIGHTING DISTRICT 20 FUND** accounts for assessments on commercial property that pay for landscape maintenance, street lighting and sidewalk repair costs within commercial districts.

**NPDES FUND** accounts for storm water utility fees assessed to property owners citywide on their property tax bills. The funds are used to pay for the “National Pollution Discharge Elimination System,” mandated by the Federal government to prevent further polluting of streams and bays.

**SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND** accounts for funds allocated by the State for front-line municipal police services.

**WASTE MANAGEMENT/RECYCLING FUND** accounts for activities to implement AB939 which mandates a decrease in the volume of landfill waste, as well as for household hazardous waste programs.

**POLICE SPECIAL SERVICES FUND** accounts for asset forfeitures from drug-related convictions. These funds may only be used for drug-related education and enforcement activities.

**PARK AND RECREATION FUND** accounts for funds received from the Pleasant Hill Recreation and Park District for the purchase of the Community Center land, as well as funds received and receivable from any park-related revenue source. Proceeds will be used for park-related and recreation-related purposes.

**LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT 22 FUND** accounts for assessments received from Grayson Woods and Gallery Walk property owners to pay for landscaping and lighting costs in these developments.

**SENIOR VAN SERVICES FUND** accounts for donations and fare revenues, as well as City-paid expenses of operating a van service for transporting non-driving Pleasant Hill seniors to medical and dental appointments in the local area, shopping within Pleasant Hill, and to the Pleasant Hill Senior Center for social activities.

## **NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

**CLEEP (CALIFORNIA LAW ENFORCEMENT EQUIPMENT PROGRAM) GRANT FUND** accounts for State grant funds to be used for law enforcement-related equipment purchases.

**VEHICLE ABATEMENT FUND** accounts for funds received quarterly from Contra Costa County for vehicle abatement (based on the number of vehicles abated), as well as an annual year-end transfer from the General Fund to cover expenses beyond the amount of the county's contribution. On an annual basis 40% of the Code Enforcement investigator's salary and benefits are charged to this fund to approximate the amount of time spent on vehicle abatement.

**AFFORDABLE HOUSING FUND** accounts for fees received from developers in lieu of providing affordable housing in their project, as is otherwise required. The City is developing a plan to use these funds to provide assistance to low-income families and individuals in acquiring housing.

**TRAFFIC CONGESTION RELIEF FUND** accounts for the funds received from the State as a result of AB 2928 and SB 1662 (Statutes of 2000) and the related expenditures. These funds are to be used for maintenance, rehabilitation, and reconstruction projects for public streets and roads.

**EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG)** accounts for revenue and expenditures for this Police grant.

**DARE FUND** accounts for funds donated by individuals, businesses, and service organizations, as well as funds raised by fundraising events specifically for the D.A.R.E. program. Typical expenditures are books, supplies, t-shirts for this anti-drug program in the local schools.

**CAPITAL OUTLAY FUND (also known as Bedroom Tax Fund)** accounts for acquiring, building, improving or expanding public property and facilities.

**COMPUTER TECHNOLOGY REPLACEMENT FUND** accounts for scheduled and unscheduled replacement of computer-related technology (such as servers, computer, printers, etc.) for City Hall and the Corporation Yard. A flat amount is transferred from General Fund annually for that purpose.

**PUBLIC EDUCATIONAL AND GOVERNMENTAL ACCESS CAPITAL GRANT FUND (PEG)** accounts for PEG franchise fees to be used to fund capital costs associated with acquiring PEG capital equipment

**VEHICLES AND EQUIPMENT REPLACEMENT FUND** accounts for acquiring City vehicles, and communication gear, and is funded by General Fund transfers.

**POLICE TECHNOLOGY FUND** accounts for scheduled and unscheduled replacement of radios, copiers, and computer-related technology (such as servers, computers, printers, etc.) for the Police Department. Annually, a flat amount is transferred from General Fund for that purpose.

**CAPITAL PROJECTS FUND** accounts for making capital improvements and funding large maintenance projects.

**REFUNDING LEASE REVENUE BONDS FUND** - accounts for funds used to pay principal and interest on the Lease Revenue Refunding Bonds, Series 2004.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**2002 PHDCFD #1 SPECIAL TAX BONDS FUND** accounts for funds used to repay the principal and interest on the 2002 PHDCFD #1 Bonds. The funds come from the Redevelopment Commons Tax Allocation Refunding Bonds Debt Service Fund 71, and are the result of the semi-annual calculation of Excess Tax Increment on the Commons properties in the Downtown project area, as detailed in the Amended and Restated Disposition and Development Agreement with Burnham Pacific Properties and assigned to RVIP, the current owner of the Downtown project.



## AGENCY FUNDS

Agency Funds account for assets held by a governmental unit in the capacity of agent for individuals, governmental entities, and non-public organizations.

The Agency Funds used to account for monies held by the City in a fiduciary capacity are as follows:

**ACME LANDFILL CLOSURE FUND** accounts for funds collected by Pleasant Hill Bayshore Disposal Company from their Pleasant Hill ratepayers prior to February 8, 1993 and turned over to the City on that date for the purpose of covering future costs of the closure of the Acme Landfill. In addition, from November 1994 through June 1997, savings from the Keller Canyon landfill rate reduction were deposited into this fund.

**TRANSPAC FUND** accounts for contributions from TRANSPAC member agencies in Central Contra Costa County and the use of those funds for transportation planning and information purposes.

**TDM FUND** accounts for transportation funds advanced and reimbursed to TRANSPAC for Transportation Demand Management projects in central Contra Costa County.

**PLEASANT HILL DOWNTOWN COMMUNITY FACILITIES DISTRICT NO. 1 FUND** accounts for debt service and other reserves funded with proceeds from the District's debt issued in 1998.

**ASSET FORFEITURE HOLDING FUND** accounts for cash seized in drug cases, the distribution of which is determined later by the court. Distribution is most often among the law enforcement agencies involved in the arrest and investigation. If the City receives a portion, it is transferred to the Police Special Services Fund.

## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.